

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6660

BILL NUMBER: SB 461

NOTE PREPARED: Apr 14, 2009

BILL AMENDED: Apr 14, 2009

SUBJECT: Environmental Issues.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Dvorak

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Repeal of Electronic Digital Signature Act.* The bill repeals the Electronic Digital Signature Act.

Use of Toxic or Flammable Refrigerant The bill allows the use in motor vehicle air conditioning equipment of a toxic or flammable refrigerant if the refrigerant has been approved by the U.S. Environmental Protection Agency.

Rulemaking. It allows, in streamlined rulemaking processes, the adoption of a proposed rule with amendments at the public hearing, and requires that the amendments meet logical outgrowth requirements.

ELTF. It modifies the deductible for claims against the ELTF by certain UST owners.

Deadlines for IDEM. It establishes deadlines for IDEM action on various permit applications with respect to certain solid waste processing facilities.

Drinking Water Apprenticeship Program. It allows IDEM to establish a drinking water apprenticeship program.

Local Air Pollution Permit Programs. The bill requires IDEM to enter into contracts with local air pollution agencies to carry out an air pollution program for IDEM. It extends the powers granted to Marion County to establish a local air pollution permit program to counties, cities, and towns outside Marion County. It authorizes a local permit program to comply with more restrictive local ordinances to further the expressed purposes of air pollution control laws. It allows a city or town to regulate the introduction of any substance

or odor into the air or any generation of sound within four miles outside its corporate boundaries.

Drinking or Wastewater Certification. The bill allows suspension or revocation of a drinking water or wastewater operator certification if another state has decertified or taken similar action against the operator.

Sewage Works in Private Dwellings. This bill authorizes a board of sanitation commission or a board of public works to (1) provide financial assistance for the installation of certain sewage works in private dwellings; and (2) establish a user fee to pay for the financial assistance.

Disclosure of Contamination. This bill requires disclosure upon the sale of residential property of known methamphetamine contamination if the property has not been certified as decontaminated. The bill provides that an owner or agent is required to disclose knowledge of a psychologically or environmentally affected property in a real estate transaction if the property has been contaminated by methamphetamine and has not been certified as decontaminated.

Campground Sewage Service. Beginning September 1, 2009, if a campground is billed for sewage service at a flat rate, the campground may instead elect to be billed for the sewage service by installing, at the campground's expense, a meter to measure the actual amount of sewage discharged by the campground into the district's sewers.

Landfill and Wastewater Terms. This bill also replaces the undefined term "sanitary landfill" with "solid waste landfill". The bill for purposes of wastewater management statutes, replaces the term "wastewater" with "septage".

Environmental Quality Service Council (EQSC). The bill requires the EQSC to study certain issues.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: *Repeal of Electronic Digital Signature Act.* An electronic digital signature transforms a message using an asymmetric crypto system. Repealing the act would not prohibit the use of an electronic digital signature. Currently, the Bureau of Motor Vehicles and the Attorney General use digital signatures. The repealed provision requires the State Board of Accounts (SBA) to administer a method used by the state to conduct authenticated electronic transactions using digital signatures. The SBA has adopted rules, as required, to implement the use of electronic digital signatures.

Use of Toxic or Flammable Refrigerant. The bill allows the use in motor vehicle air conditioning equipment of a toxic or flammable refrigerant if the refrigerant has been approved by the U.S. Environmental Protection Agency. This provision will not have a fiscal impact.

Rulemaking. The bill allows the adoption of a proposed rule with amendments at the public hearing, and requires that the amendments meet logical outgrowth requirements. Streamlining the process could reduce IDEM's administrative expenses.

ELTF. The bill modifies the deductible for claims against the ELTF by certain UST owners. For USTs that have piping but no secondary containment, the bill increases the amount from \$25,000 to \$30,000. This provision could reduce expenditures from the fund. The specific impact is not known.

Deadlines for IDEM. The bill establishes deadlines for IDEM action on various permit applications with

respect to certain solid waste processing facilities. This provision should have no fiscal impact.

Drinking Water Apprenticeship Program. The bill permits IDEM to establish a drinking water apprenticeship program. This provision should have no impact to the state other than administrative expenses associated with the adoption of rules.

Drinking or Wastewater Certification. The bill allows suspension or revocation of a drinking water or wastewater operator certification if another state has decertified or taken similar action against the operator. This provision could result in a reduction in expenses associated with IDEM's having to document a case for suspension or revocation of a certification.

Disclosure of Contamination. This bill requires disclosure upon the sale of residential property of known methamphetamine contamination if the property has not been certified as decontaminated. The bill provides that an owner or agent is required to disclose knowledge of a psychologically or environmentally affected property in a real estate transaction if the property has been contaminated by methamphetamine and has not been certified as decontaminated. These provisions will have no fiscal impact.

Landfill and Wastewater Terms. This bill replaces the undefined term "sanitary landfill" with "solid waste landfill". The bill for purposes of wastewater management statutes, replaces the term "wastewater" with "septage". These provisions will have no fiscal impact.

Environmental Quality Service Council (EQSC). The bill requires the EQSC to study certain issues. This provision would only have an impact if assigning certain issues to the EQSC results in additional meetings. The EQSC operates under policies governing study committees adopted by the Legislative Council. Legislative Services Agency provides staff for study committees. Total expenses for the committee could not exceed a budget established by the Legislative Council. The budget for the 2008 interim was \$16,500. EQSC expended \$4,256 of this amount. The funds necessary to carry out this provision will be paid from state General Fund appropriations to the Legislative Council and Legislative Services Agency.

Local Air Pollution Permit Programs. If IDEM were to enter into contracts with local air pollution agencies and re-establish or fund programs that were in place prior to IDEM's decisions not to renew local contracts, the costs to IDEM would be around \$2 M, which would be paid from dedicated funds.

Background Information:

The Underground Petroleum Storage Tank Excess Liability Trust Fund provides funding for reimbursement of money spent by UST owners and operators for cleanup of petroleum releases. It also provides federally mandated financial assurance for owners and operators and a source of money for the indemnification of third parties. ELTF pays IDEM expenses incurred in administering claims against the fund and incurred in inspecting USTs. IDEM was appropriated around \$2 M for FY 2008 and for FY 2009.

Sources of money for the trust fund are annual tank fees; penalties; appropriations; gifts; inspection fees; bond revenue; and any other money authorized to be deposited in or appropriated to the trust. The oil and inspection fee generates about \$30 M per year. The UST fee generates about \$600,000.

Explanation of State Revenues:

Explanation of Local Expenditures: *Drinking Water Apprenticeship Program.* The bill permits IDEM to establish a drinking water apprenticeship program for water treatment plant operators and water distribution system operators. This provision could have an impact on local expenditures. The specific impact will depend on participation by local units.

Local Air Pollution Permit Programs. The bill requires IDEM to enter into contracts with local air pollution agencies to carry out an air pollution program for IDEM. It extends the powers granted to Marion County to establish a local air pollution permit program to counties, cities, and towns outside Marion County. It authorizes a local permit program to comply with more restrictive local ordinances to further the expressed purposes of air pollution control laws. It allows a city or town to regulate the introduction of any substance or odor into the air or any generation of sound within four miles outside its corporate boundaries. The impact of the provisions of the bill will depend on local actions.

Local air pollution agencies were located in the following local units: Anderson, Evansville, Gary, Hammond, Indianapolis, and Vigo County.

(Revised) *Sewage Works in Private Dwellings.* The board of sanitation commission or a board of public works is authorized to provide financial assistance for the installation of certain sewage works in private dwellings. The impact of this provision will depend on local action.

Explanation of Local Revenues: *Local Air Pollution Permit Programs.* If IDEM were to enter into contracts with local air pollution agencies and re-establish or fund programs that were in place prior to IDEM's 2009 decisions not to renew local contracts, local units would receive around \$2 M to fund local programs.

Campground Sewage Service. Currently, a regional sewage district bases the number of resident equivalent units for monthly campgrounds' sewer bills on the one week of the year having the highest meter reading. The bill provides that if a campground installs a meter, the rate charged for usage may not exceed the rate charged to residential customers, and the amount charged between September 1st and May 31st must equal the greater of either the actual amount of sewage measured during that time or the lowest monthly charge paid between June 1st and August 31st. If a campground does not install a meter, the flat rate for usage may not equal more than 1/3 of one resident equivalent unit. The basic monthly charge for the campground's sewage service must be equal to the number of the campground's resident equivalent units multiplied by the rate charge for a resident unit. Either of these provisions could result in a decrease in monthly sewage charges received by a regional sewage district.

(Revised) *Sewage Works in Private Dwellings.* The board of sanitation commission or a board of public works is authorized to establish a user fee to pay for the financial assistance given to provide certain sewage works in private dwellings. The amount of revenue that will be generated by this provision will depend on local action.

State Agencies Affected: All.

Local Agencies Affected: Units responsible for water treatment plants and water distribution systems; regional sewage districts; boards of sanitation commission; boards of public works; units with air pollution control responsibilities.

Information Sources: Sandra Flum, IDEM; Paul Lottes, SBA; <http://www.in.gov/idem/5085.htm>.

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